

City of Tucson, Arizona  
Monthly Financial Statement  
For May 31, 2012

This financial report is presented as required by Chapter XXIX, §3(4), of the City Charter. It is prepared to meet the needs of management, citizens, investors, and numerous governmental agencies. The financial statements included present the results of the City's operations and includes financial statements for general government funds, enterprise funds and internal service funds.

The general government statements report the revenues and expenditures for the General Fund, the Mass Transit Fund and the Highway User Revenue Fund (HURF). The General Fund serves as the City's chief operating fund and is used to account for all financial resources not accounted for in another fund. The Mass Transit Fund is used to account for the proceeds of specific revenue sources related to the operations of the City's transit systems, SunTran and SunVan. The HURF Fund is used to record the state-shared gas tax revenue. The latter two funds' revenue sources are legally restricted to expend for a specified purpose.

Enterprise funds include Water, Environmental Services, and Golf. The Water Utility Fund accounts for the financing and operation of all activities necessary to provide water services to the Tucson metropolitan area. The Environmental Services Fund accounts for the financing and operation of all activities necessary to provide solid waste services to residential and commercial customers in the Tucson metropolitan area. The Golf Course Fund accounts for the operation and maintenance of the City's golf courses, driving ranges, pro shops and clubhouses.

Finally, the report presents the revenues, expenses and changes in net assets for the internal service funds: Fleet Services, Self-Insurance and General Services. These funds are full accrual funds that support core City functions and charge cost-recovery fees to the City departments they serve.

Significant variances between current year actual amounts vs. prior year actual amounts are indicated by a bolded number, for example: **1a**. Explanations for these variances can be found on the final page of the report. Suggestions and comments are welcome and should be directed to Michael Mason, Finance Administrator at 837-4330.

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**GENERAL FUND**  
**FOR THE ELEVEN MONTHS ENDED MAY 31, 2012**

	Fiscal Year 2012			Fiscal Year 2011		
	Actual	Total FY Budget	% Budget	Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
General Fund Revenues and Other Financing Sources:	Straight-line Budget (May 31): 92%					
Revenues:						
Primary Property Taxes	\$ 12,335,891	\$ 12,215,330	101.0%	\$ 9,392,758	\$ 2,943,133	31.3% <b>1a</b>
Business Privilege Tax	145,354,614	169,320,000	85.8%	140,548,549	4,806,065	3.4% <b>1b</b>
Other Local Taxes	35,355,434	41,981,500	84.2%	37,592,800	(2,237,366)	-6.0%
Grants and Shared Taxes	3,463,043	4,762,260	72.7%	3,096,861	366,182	11.8%
State-Shared Income Tax Revenue	32,924,991	43,899,990	75.0%	38,672,977	(5,747,986)	-14.9% <b>1c</b>
State-Shared Sales Tax	30,425,928	38,800,000	78.4%	30,351,858	74,070	0.2%
State Auto Lieu Tax	14,779,043	19,400,000	76.2%	14,831,199	(52,156)	-0.4%
Licenses and Permits	17,435,634	22,770,130	76.6%	17,616,887	(181,253)	-1.0%
Fines, Forfeitures, and Penalties	11,426,122	15,198,990	75.2%	12,906,298	(1,480,176)	-11.5% <b>1d</b>
Use of Money and Property	565,907	876,330	64.6%	1,397,544	(831,637)	-59.5%
Charges for Current Services	33,363,451	41,180,040	81.0%	36,462,802	(3,099,351)	-8.5% <b>1e</b>
Miscellaneous Revenue	803,995	814,510	98.7%	1,027,807	(223,812)	-21.8%
Total General City Revenues:	338,234,053	411,219,080		343,898,340	(5,664,287)	
Other Financing Sources	1,466,667	11,062,000	13.26%	2,816,730	(1,350,063)	-47.9% <b>1f</b>
<b>Total Revenue and Other Financing Sources</b>	<b>\$ 339,700,720</b>	<b>\$ 422,281,080</b>		<b>\$ 346,715,070</b>	<b>\$ (7,014,350)</b>	
General Fund Expenditures:						
Elected and Official						
Mayor and Council	\$ 2,364,194	\$ 2,663,570	88.8%	\$ 2,451,025	\$ (86,831)	-3.5%
City Manager	6,037,768	6,762,520	89.3%	5,645,632	392,136	6.9%
City Clerk	3,349,328	4,230,110	79.2%	2,330,918	1,018,410	43.7% <b>1g</b>
City Attorney	6,847,857	7,980,950	85.8%	7,076,232	(228,375)	-3.2%
<b>Total Elected and Official</b>	<b>18,599,147</b>	<b>21,637,150</b>		<b>17,503,807</b>	<b>1,095,340</b>	
Neighborhood Services						
City Courts	8,747,736	11,425,890	76.6%	9,068,020	(320,284)	-3.5%
Housing & Community Development	5,263,665	6,292,920	83.6%	5,254,960	8,705	0.2%
Fire	70,008,945	77,572,550	90.2%	66,387,700	3,621,245	5.5% <b>1h</b>
Parks and Recreation	32,962,444	38,739,572	85.1%	33,337,730	(375,286)	-1.1%
Police	122,762,018	134,110,300	91.5%	119,096,674	3,665,344	3.1% <b>1i</b>
Equal Opportunity	738,958	823,250	89.8%	723,415	15,543	2.1%
City Public Defender	2,486,527	2,797,640	88.9%	2,440,918	45,609	1.9%
<b>Total Neighborhood Services</b>	<b>242,970,293</b>	<b>271,762,122</b>		<b>236,309,417</b>	<b>6,660,876</b>	
Environment and Development						
Development Services	6,216,573	7,661,850	81.1%	6,903,078	(686,505)	-9.9%
Transportation	836,621	1,174,780	71.2%	962,153	(125,532)	-13.0%
<b>Total Environment and Development</b>	<b>7,053,194</b>	<b>8,836,630</b>		<b>7,865,231</b>	<b>(812,037)</b>	
Support Services						
Budget and Internal Audit	1,222,549	1,416,390	86.3%	1,242,885	(20,336)	-1.6%
Finance	6,775,583	7,778,620	87.1%	6,460,102	315,481	4.9%
General Services	2,580,772	2,907,660	88.8%	6,922,373	(4,341,601)	-62.7% <b>1h</b>
Human Resources	1,721,531	1,766,520	97.5%	1,527,689	193,842	12.7%
Information Technology	13,276,081	15,711,180	84.5%	13,783,754	(507,673)	-3.7%
Procurement	3,084,511	3,278,660	94.1%	3,416,116	(331,605)	-9.7%
<b>Total Support Services</b>	<b>28,661,027</b>	<b>32,859,030</b>		<b>33,352,919</b>	<b>(4,691,892)</b>	
<b>Total Non-Departmental</b>	<b>16,812,351</b>	<b>21,685,890</b>	<b>77.5%</b>	<b>13,694,538</b>	<b>3,117,813</b>	<b>22.8%</b>
<b>Capital Projects</b>	<b>681,624</b>	<b>2,241,472</b>	<b>30.4%</b>	<b>1,520,814</b>	<b>(839,190)</b>	<b>-55.2%</b>
<b>Debt Service and Fiscal Agent Fees</b>	<b>5,545,361</b>	<b>18,426,650</b>	<b>30.1%</b>	<b>8,852,819</b>	<b>(3,307,458)</b>	<b>-37.4% 1j</b>
<b>Other Financing Uses</b>	<b>43,402,974</b>	<b>45,538,140</b>	<b>95.3%</b>	<b>39,046,273</b>	<b>4,356,701</b>	<b>11.2% 1k</b>
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>\$ 363,725,971</b>	<b>\$ 422,987,084</b>		<b>\$ 358,145,818</b>	<b>\$ 5,580,153</b>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**MASS TRANSIT FUND**  
**FOR THE ELEVEN MONTHS ENDED MAY 31, 2012**

	Fiscal Year 2012			Fiscal Year 2011		
	Actual	Total FY Budget	% Budget	Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
Mass Transit Revenues and Other Financing Sources:	Straight-line Budget (May 31): 92%					
Revenues:						
Federal Grants and Contributions	\$ 32,897,992	\$ 80,455,000	40.9%	\$ 17,498,318	\$ 15,399,674	88.0% <b>2a</b>
Other Agencies	4,049,836	10,106,500	40.1%	7,445,950	(3,396,114)	-45.6%
Use of Money and Property	23,510	160,000	14.7%	153,757	(130,247)	-84.7%
Charges for Current Services	13,286,594	13,059,870	101.7%	10,434,043	2,852,551	27.3%
Miscellaneous Revenue	554,398	1,061,800	52.2%	852,826	(298,428)	-35.0%
Total Revenues:	50,812,330	104,843,170		36,384,894	14,427,436	
Other Financing Sources	36,214,392	39,495,700	91.7%	35,609,500	604,892	1.7%
<b>Total Revenue and Other Financing Sources</b>	<b>\$ 87,026,722</b>	<b>\$ 144,338,870</b>		<b>\$ 71,994,394</b>	<b>\$ 15,032,328</b>	
Mass Transit Expenditures:						
Environment and Development						
Transportation	\$ 62,851,825	\$ 70,204,000	89.5%	\$ 60,614,599	\$ 2,237,226	3.7%
<b>Total Environment and Development</b>	<b>62,851,825</b>	<b>70,204,000</b>		<b>60,614,599</b>	<b>2,237,226</b>	
<b>Capital Expenditures</b>	<b>27,314,951</b>	<b>74,091,870</b>	<b>36.9%</b>	<b>11,028,577</b>	<b>16,286,374</b>	<b>147.7% 2a</b>
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>\$ 90,166,776</b>	<b>\$ 144,295,870</b>		<b>\$ 71,643,176</b>	<b>\$ 18,523,600</b>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**HIGHWAY USER REVENUE FUND (HURF)**  
**FOR THE ELEVEN MONTHS ENDED MAY 31, 2012**

	Fiscal Year 2012			Fiscal Year 2011		
	Actual	Total FY Budget	% Budget	Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
HURF Revenues and Other Financing Sources:	Straight-line Budget (May 31): 92.0%					
Revenues:						
Licenses and Permits	\$ 127,214	\$ 30,625,850	81.3%	\$ 197,975	\$ (70,761)	-35.7%
Other Agencies	24,907,414	291,280	120.0%	26,530,196	(1,622,782)	-6.1% <b>3a</b>
Use of Money and Property	349,613	478,000	112.6%	429,984	(80,371)	-18.7%
Charges for Current Services	538,379	2,000,000	52.2%	282,766	255,613	90.4%
Miscellaneous Revenue	1,043,947			947,485	96,462	10.2%
<b>Total Revenues:</b>	<b>\$ 26,966,567</b>	<b>\$ 33,395,130</b>		<b>\$ 28,388,406</b>	<b>\$ (1,421,839)</b>	
HURF Expenditures:						
Neighborhood Services						
Housing & Community Development	148,830	183,925	80.9%	370,138	(221,308)	-59.8%
<b>Total Neighborhood Services</b>	<b>148,830</b>	<b>183,925</b>		<b>370,138</b>	<b>(221,308)</b>	
Environment and Development						
Transportation	26,429,856	28,359,520	93.2%	23,776,593	2,653,263	11.2% <b>3b</b>
<b>Total Environment and Development</b>	<b>26,429,856</b>	<b>28,359,520</b>		<b>23,776,593</b>	<b>2,653,263</b>	
Non-Departmental						
Outside Agencies	75,435	100,580	75.0%	100,580	(25,145)	-25.0%
<b>Total Non-Departmental</b>	<b>75,435</b>	<b>100,580</b>		<b>100,580</b>	<b>(25,145)</b>	
<b>Capital Projects</b>	<b>554,082</b>	<b>3,714,555</b>	<b>14.9%</b>	<b>709,494</b>	<b>(155,412)</b>	<b>-21.9%</b>
<b>Debt Service and Fiscal Agent Fees</b>	<b>492,573</b>	<b>327,720</b>	<b>150.3%</b>	<b>1,027,646</b>	<b>(535,073)</b>	<b>-52.1%</b>
<b>Other Financing Uses</b>		<b>11,397,840</b>				
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>\$ 27,700,776</b>	<b>\$ 44,084,140</b>		<b>\$ 25,984,451</b>	<b>\$ 1,716,325</b>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF NET ASSETS**  
**ENTERPRISE FUNDS**  
**MAY 31, 2012**

	Water Utility Fund	Environmental Services	Golf Course Fund
<b><u>ASSETS</u></b>			
Current assets:			
Pooled Cash and Investments	\$ 29,171,401	\$ 21,433,063	\$ 4,450
Cash and Investments - Restricted	13,145,142	770,040	
Cash and Investments with Fiscal Agent - Restricted	24,630,452	96,820	
Accounts Receivable, Net	11,818,265	3,950,694	792
Due from Other Agencies	40,629	32,008	
Interest Receivable	24,537	10,383	
Inventories	2,119,995		156,238
Other Assets	515,727		
Total current assets	<u>81,466,148</u>	<u>26,293,008</u>	<u>161,480</u>
Noncurrent assets:			
Long Term Accounts Receivable	519,458		
Other Assets - Restricted	224,423		
Deferred Charges	4,050,301	305,882	59,126
Land and Construction in Progress	175,249,006	10,586,972	3,411,006
Other Capital Assets, Net	947,802,558	19,420,831	14,450,529
Water Rights	52,126,968		
Total noncurrent assets	<u>1,179,972,714</u>	<u>30,313,685</u>	<u>17,920,661</u>
<b>Total Assets</b>	<u>1,261,438,862</u>	<u>56,606,693</u>	<u>18,082,141</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts Payable	404,173	420,251	78,512
Accrued Payroll Liabilities	1,186,448	474,379	100,688
Interfund Payable			7,319,605
Due to Other Agencies	21	315	345
Accrued Interest Payable		15,492	72,599
Refundable Deposits	2,256,521	38,465	
Current Portion of Bonds Payable	28,880,004		
Current Portion of Contracts Payable	1,900,193	78,983	6,174
Current Portion of Compensated Absences		630,659	107,259
Liabilities Payable from Restricted Assets	1,180,776		
Unearned Revenue	37,609		218,265
Current Portion of Long Term Liabilities		1,103,057	
Total current liabilities	<u>35,845,744</u>	<u>2,761,601</u>	<u>7,903,447</u>
Total net assets, May 31			
Bonds Payable	483,631,959		
Contracts Payable		11,132,185	3,662,110
Compensated Absences	2,149,455	847,794	103,320
Other-Post-employment Benefits	159,195	73,668	10,348
Long Term Liabilities		43,411,587	
Total non-current liabilities	<u>485,940,609</u>	<u>55,465,234</u>	<u>3,775,778</u>
<b>Total Liabilities</b>	<u>521,786,352</u>	<u>58,226,835</u>	<u>11,679,225</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	678,942,816	19,102,516	14,193,251
Restricted for:		866,861	
Debt Service	24,630,452		
Capital			
Unrestricted	36,079,241	(25,266,261)	(7,790,335)
Closure/Post Closure Liability		1,870,742	
New Landfill Cell Construction		1,806,000	
<b>Total Net Assets</b>	<u>\$ 739,652,509</u>	<u>\$ (1,620,142)</u>	<u>\$ 6,402,916</u>

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
WATER UTILITY FUND**

**FOR THE ELEVEN MONTHS ENDED MAY 31, 2012**

	Fiscal Year 2012	Fiscal Year 2011	\$ Change	% Change	
	Actual	Actual	CFY vs PFY	CFY vs PFY	
<b>Operating revenues:</b>					
Charges for Services	\$ 124,434,348	\$ 118,142,890	6,291,458	5.3%	<b>4a</b>
Miscellaneous	1,159,465	657,713	501,752	76.3%	
<b>Total operating revenues</b>	<u>125,593,813</u>	<u>118,800,603</u>	<u>6,793,210</u>		
<b>Operating expenses:</b>					
Personal Services	31,363,254	29,653,218	1,710,036	5.8%	<b>4b</b>
Contractual Services	45,720,011	41,919,967	3,800,044	9.1%	<b>4c</b>
Commodities	7,320,848	6,130,645	1,190,203	19.4%	
Depreciation/Amortization	26,418,951	25,408,744	1,010,207	4.0%	
<b>Total operating expenses</b>	<u>110,823,065</u>	<u>103,112,574</u>	<u>7,710,491</u>		
<b>Operating Income (Loss)</b>	<u>14,770,748</u>	<u>15,688,029</u>	<u>(917,281)</u>		
<b>Nonoperating revenues (expenses):</b>					
Investment Income	385,908	282,947	102,961	36.4%	
Gain (Loss) on Sale of Property/Equipment	326,833	265,907	60,926	22.9%	
Federal Grants and Contributions	426,588		426,588		
Interest Expense	(21,054,001)	(19,526,790)	(1,527,211)	7.8%	
Amortization of Cost Issuance	(546,097)	(282,327)	(263,770)	93.4%	
Other Nonoperating Income (Expenses)	(570,940)	(425,143)	(145,797)	34.3%	
<b>Total nonoperating revenues (expenses)</b>	<u>(21,031,709)</u>	<u>(19,685,406)</u>	<u>(1,346,303)</u>		
<b>Income (Loss) before capital contributions and transfers</b>	<u>(6,260,960)</u>	<u>(3,133,736)</u>	<u>(3,127,224)</u>		
<b>Capital Contributions</b>	2,555,172	7,540,169	(4,984,997)	-66.1%	
<b>Transfers Out</b>	<u>(1,466,667)</u>	<u>(1,466,667)</u>		0.0%	
<b>Changes in net assets</b>	<u>(5,172,455)</u>	<u>2,939,766</u>	<u>(8,112,221)</u>		
<b>Total net assets, beginning of year</b>	744,824,964	721,450,295	23,374,669		
<b>Total net assets, May 31</b>	<u>\$ 739,652,509</u>	<u>\$ 724,390,061</u>	<u>\$ 15,262,448</u>		

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**ENVIRONMENTAL SERVICES FUND**  
**FOR THE ELEVEN MONTHS ENDED MAY 31, 2012**

	Fiscal Year 2012	Fiscal Year 2011	\$ Change	% Change	
	Actual	Actual	CFY vs PFY	CFY vs PFY	
<b>Operating revenues:</b>					
Charges for Services	\$ 43,928,295	\$ 42,299,211	1,629,084	3.9%	<b>5a</b>
Miscellaneous	2,302,025	1,946,683	355,342	18.3%	
<b>Total operating revenues</b>	<u>46,230,320</u>	<u>44,245,894</u>	<u>1,984,426</u>		
<b>Operating expenses:</b>					
Personal Services	14,252,685	14,408,046	(155,361)	-1.1%	<b>5b</b>
Contractual Services	16,395,208	14,405,213	1,989,995	13.8%	
Commodities	4,662,052	4,274,501	387,551	9.1%	
Depreciation/Amortization	4,970,676	5,998,951	(1,028,275)	-17.1%	
<b>Total operating expenses</b>	<u>40,280,621</u>	<u>39,086,711</u>	<u>1,193,910</u>		
<b>Operating Income (Loss)</b>	<u>5,949,700</u>	<u>5,159,183</u>	<u>790,517</u>		
<b>Nonoperating revenues (expenses):</b>					
Investment Income	71,535	44,295	27,240	61.5%	
Gain (Loss) on Sale of Property/Equipment	179,487	550,541	(371,054)	-67.4%	
Federal Grants and Contributions	186,397	54,106	132,291	244.5%	
Interest Expense	(277,633)	(507,697)	230,064	-45.3%	
Amortization of Cost Issuance	(30,748)	(17,875)	(12,873)	72.0%	
<b>Total nonoperating revenues (expenses)</b>	<u>129,038</u>	<u>123,370</u>	<u>5,668</u>		
<b>Income (Loss) before capital contributions and transfers</b>	<u>6,078,738</u>	<u>5,282,553</u>	<u>796,185</u>		
<b>Changes in net assets</b>	<u>6,078,738</u>	<u>5,282,553</u>	<u>796,185</u>		
<b>Total net assets, beginning of year</b>	(7,698,880)	(12,306,242)	4,607,362		
<b>Total net assets, May 31</b>	<u>\$ (1,620,142)</u>	<u>\$ (7,023,689)</u>	<u>\$ 5,403,547</u>		

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**GOLF FUND**  
**FOR THE ELEVEN MONTHS ENDED MAY 31, 2012**

	Fiscal Year 2012	Fiscal Year 2011	\$ Change	% Change
	Actual	Actual	CFY vs PFY	CFY vs PFY
<b>Operating revenues:</b>				
Charges for Services	\$ 5,735,960	\$ 6,646,210	\$ (910,250)	-13.7%
<b>Total operating revenues</b>	<u>5,735,960</u>	<u>6,646,210</u>	<u>(910,250)</u>	
<b>Operating expenses:</b>				
Personal Services	3,056,053	3,497,171	(441,118)	-12.6%
Contractual Services	1,667,053	1,782,694	(115,641)	-6.5%
Commodities	1,179,392	1,434,908	(255,516)	-17.8%
Cost of Goods Sold	202,434	147,422	55,012	37.3%
Depreciation/Amortization	647,732	650,511	(2,779)	-0.4%
<b>Total operating expenses</b>	<u>6,752,664</u>	<u>7,512,706</u>	<u>(760,042)</u>	
<b>Operating Income (Loss)</b>	<u>(1,016,704)</u>	<u>(866,496)</u>	<u>(150,208)</u>	
<b>Nonoperating revenues (expenses):</b>				
Gain (Loss) on Sale of Property/Equipment	13,230	(21,068)	34,298	-162.8%
Interest Expense	(170,491)	(145,052)	(25,439)	17.5%
Amortization of Cost Issuance	(6,705)	(6,705)		0.0%
<b>Total nonoperating revenues (expenses)</b>	<u>(163,966)</u>	<u>(172,825)</u>	<u>8,859</u>	
<b>Income (Loss) before capital contributions and transfers</b>	<u>(1,180,670)</u>	<u>(1,039,321)</u>	<u>(141,349)</u>	
<b>Changes in net assets</b>	<u>(1,180,670)</u>	<u>(1,039,321)</u>	<u>(141,349)</u>	
<b>Total net assets, beginning of year</b>	7,583,586	9,032,768	(1,449,182)	
<b>Total net assets, May 31</b>	<u>\$ 6,402,916</u>	<u>\$ 7,993,447</u>	<u>\$ (1,590,531)</u>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE ELEVEN MONTHS ENDED MAY 31, 2012**

	<u>Fleet Services</u>	<u>Self Insurance</u>	<u>General Services</u>
<b>Operating revenues:</b>			
Charges for Services	\$ 22,746,396	\$ 16,836,102	\$ 15,144,730
Miscellaneous	150,668		19,239
<b>Total operating revenues</b>	<u>22,897,064</u>	<u>16,836,102</u>	<u>15,163,969</u>
<b>Operating expenses:</b>			
Personal Services	5,003,269	1,016,928	8,030,084
Contractual Services	4,225,925	4,346,849	5,859,458
Commodities	13,350,087	50,691	1,870,911
Benefits and Claims		10,109,501	
Depreciation	3,302,291	10,562	42,038
<b>Total operating expenses</b>	<u>25,881,572</u>	<u>15,534,531</u>	<u>15,802,491</u>
<b>Operating income (loss)</b>	<u>(2,984,508)</u>	<u>1,301,571</u>	<u>(638,522)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment Income	9,183		7,066
Gain (loss) on Sale of Property/Equipment	41,322		
Federal Non Grant Contributions			319,561
Interest Expense	(92)	(39,275)	(489,247)
Amortization of Issuance Costs			(16,386)
<b>Total nonoperating revenues (expenses)</b>	<u>50,413</u>	<u>(39,275)</u>	<u>(179,006)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(2,934,095)</u>	<u>1,262,296</u>	<u>(817,528)</u>
<b>Transfers In</b>	55,400	1,583,838	
<b>Transfers Out</b>			(157,853)
<b>Change in net assets</b>	<u>(2,878,695)</u>	<u>2,846,134</u>	<u>(975,381)</u>
<b>Total net assets, beginning of year</b>	16,869,043	(25,254,597)	(2,200,359)
<b>Total net assets, May 31</b>	<u>\$ 13,990,348</u>	<u>\$ (22,408,463)</u>	<u>\$ (3,175,740)</u>



City of Tucson, Arizona  
Variance Explanations  
For May 31, 2012

**General Fund (pg. 2):**

- (1a) Primary property tax increase is mainly due to a new Special Levy Judgment portion of property taxes used for tort liability.
- (1b) Business privilege tax increase of \$4.8 million is due to an improvement in the economy.
- (1c) State-shared income tax revenue receipts from the state are approximately \$600,000 less each month compared to FY 2011. The state calculates the current fiscal year allocation based on a formula incorporating prior fiscal year revenue, which reflected a lower revenue base due to the economic downturn. The lower shared revenue was expected.
- (1d) Fines, forfeitures and penalties revenue have decreased in the following categories:

Civil Traffic Diversion (STEP) \$310K  
City Prosecutor Diversion Program \$40K  
Civil traffic \$157K  
Court Fines-Criminal Traffic Violations \$46K  
Probation fees \$84K  
Twice a day initial appear \$130K  
Filing Fees-Domestic Violence \$51K  
Parking violations \$548K  
Narc Forfeit/Vehicle Sales \$43K  
Crime lab assessment \$76K

City Court's drop in citations is due to a shortage of Tucson Police Department staff and motor officers, who write the highest number of civil traffic tickets. Crime Lab assessment and forfeiture/anti-racketeering is derived from adjudicated court cases. Police agencies receive a certain percentage of the monies confiscated.

An increase of \$50K is due to the passing of SB1398. This is a new State Assessment Fee for FY 2012.

- (1e) Charges for current services relates to billings for paramedic services have decreased by approximately \$2.6 million. The Tucson Fire Department (TFD) has been impacted with staffing shortages whose

primary duties are to prepare the invoicing for these services. Categories experiencing a decrease in revenues are:

Review Fees \$224K  
Other development services fees \$85K  
Vehicle impound fees \$268K  
Special duty police program charges \$137K  
Miscellaneous charges for services \$108K  
Baseball Admissions \$169K

Categories experiencing an increase in revenues are as follows:

Planning Charges \$35K  
IT agency fees \$146K  
Public safety-police charges (reproduction services) \$53K  
Administration fee \$70K  
General recreational programs \$84K  
Zoo admissions \$272K

- (1f) Certificates of Participation (COPS) Series 2010-A was issued in FY 2011, however no debt has been issued in FY 2012, thus Other Financing Sources reflects a decrease of revenue of \$1.3 million.
- (1g) The City Clerk's office incurred expenditures for City of Tucson general election.
- (1h) In FY 2012 the 9-1-1 Communication Center expenditures are charged to the Tucson Fire Department (TFD) rather than the City's General Services Department (GSD). This explains the increase in TFD expenditures and the decrease in GSD expenditures.
- (1i) The Police department reflects a \$3.6 million increase in expenditures compared to FY11. This increase is comprised of the following:
  - Salaries/Fringe Benefits \$642K
  - Services \$1.2 million
  - Supplies \$1.8 million

However, expenses have decreased in capital outlay by \$165K.

- (1j) Debt issuance interest costs were reduced by \$1.5 million and fiscal agent fees have decreased due to no new debt issuances so far in FY 2012.
- (1k) The General Fund subsidy to Mass Transit (Sun Tran and Sun Van) is \$353,808 more per month than in FY 2011. Additionally, a bi-annual

involuntary tort judgment in the amount of \$1.2 million was recorded to transfer funds to the City's Risk Management Fund.

**Mass Transit (pg. 3):**

- (2a) Increased spending on capital projects lead to an increase of both Federal Grants and Contributions revenue and Capital Expenditures over FY 2011. The projects are: the Modern Streetcar, the new Bus Storage and Maintenance Facility, Replacement Buses, and Replacement Vans.

**Highway User Revenue Fund (pg. 3)**

- (3a) Payments from the State of Arizona highway user fund (gas tax) due to a decrease in fuel purchases and a stagnant gas tax rate.
- (3b) New residential repaving program in FY 2012.

**Water Utility Fund (pg. 5):**

- (4a) Increase in Charges for Services represents increased rates for metered water service.
- (4b) Increase in Personal Services represents increased overtime pay and sick leave paid at retirement for end of service participants who were required to retire by Dec 31, 2011.
- (4c) Increase in Contractual Services reflects increased CAP commodity charges.

**Environmental Services Fund (pg. 6):**

- (5a) Increase in Charges for Services primarily reflects increase in groundwater remediation fees collected and sales of recyclables.
- (5b) Increase in Contractual Services represents increased fees for outside services and vehicle maintenance.